



*Joint Legislative Audit Committee*  
*Office of the Auditor General*

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**FINANCIAL AUDIT REPORT**  
**CALIFORNIA ADVISORY COUNCIL ON**  
**VOCATIONAL EDUCATION**  
**YEAR ENDED JUNE 30, 1979**

REPORT TO THE  
CALIFORNIA LEGISLATURE

REPORT **F-999.02**

REPORT OF THE  
OFFICE OF THE AUDITOR GENERAL  
TO THE  
JOINT LEGISLATIVE AUDIT COMMITTEE

999.02

FINANCIAL AUDIT REPORT  
CALIFORNIA ADVISORY COUNCIL  
ON VOCATIONAL EDUCATION  
YEAR ENDED JUNE 30, 1979

OCTOBER 1980



# California Legislature

## Joint Legislative Audit Committee

GOVERNMENT CODE SECTION 10500 et al

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CHAIRMAN

October 17, 1980

999.02

The Honorable Speaker of the Assembly  
The Honorable President pro Tempore of the Senate  
The Honorable Members of the Senate and the  
Assembly of the Legislature of California

Members of the Legislature:

Your Joint Legislative Audit Committee respectfully submits the Auditor General's financial audit report of the California Advisory Council on Vocational Education, year ended June 30, 1979.

The auditors are Curt Davis, CPA; Romero Zamora; Gus Demas; Geraldine Parks; Teri Yee; Michael Tritz; and Charles Thrasher.

Respectfully submitted,

*S. Floyd Mori*

S. FLOYD MORI  
Chairman, Joint Legislative  
Audit Committee

Attachment

*DMH*

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## INTRODUCTION

In response to a resolution of the Joint Legislative Audit Committee and in compliance with federal Office of Revenue Sharing regulations, we have conducted a financial audit of the California Advisory Council on Vocational Education. This audit was conducted under the authority vested in the Auditor General by Section 10527 of the Government Code.

The California Advisory Council on Vocational Education was created under Section 8000 of the State's Education Code. The council is responsible for evaluating vocational education and advising the State Board of Education, the Legislature, the Board of Governors of the California Community Colleges, and other agencies on matters relevant to vocational education programs.

The council has these specific functions:

- To advise the State Board of Education, the Legislature, and the Board of Governors of the California Community Colleges in developing, preparing, and administering state plans for occupational education and training;

- To evaluate programs of occupational education and training maintained by local educational agencies and to publish and distribute the results of these evaluations;
- To prepare and submit to the Legislature, the United States Commissioner of Education, and the National Advisory Council on Vocational Education, an annual evaluation report.

The California Advisory Council on Vocational Education is supported by federal funds and by appropriations from the State's General Fund.


AUDITOR'S OPINION

To the Joint Legislative Audit Committee of the California Legislature:

We have examined the combined balance sheet of the California Advisory Council on Vocational Education as of June 30, 1979 and the related statements of revenues, expenditures, and changes in fund balance and operating clearing for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the California Advisory Council on Vocational Education at June 30, 1979 and the results of operations and changes in fund balance and operating clearing for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

The column amounts on the accompanying financial statements captioned "Totals - Memorandum Only" for June 30, 1979 are not necessary for a fair presentation of the financial statements but are presented as additional analytical data and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

  
WESLEY E. MOSS  
Assistant Auditor General

Date: March 14, 1980

Staff: Curt Davis, CPA  
Romero Zamora  
Gus Demas  
Geraldine Parks  
Teri Yee  
Michael Tritz  
Charles Thrasher

CALIFORNIA ADVISORY COUNCIL  
ON VOCATIONAL EDUCATION

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUP

JUNE 30, 1979

	Governmental Fund Type	Fiduciary Fund Type	Account Group	Totals (Memorandum Only)
<u>ASSETS</u>	<u>General</u>	<u>Expendable Trust</u>	<u>General Fixed Assets</u>	<u>June 30, 1979</u>
Cash	\$ 19	\$22,843	\$ --	\$ 22,862
Accounts receivable	538	--	--	538
Prepayment to other funds	517	--	--	517
Expense advances to employees	79	--	--	79
Equipment	--	--	20,762	20,762
Total Assets	<u>\$ 1,153</u>	<u>\$22,843</u>	<u>\$20,762</u>	<u>\$ 44,758</u>
 <u>LIABILITIES, ENCUMBRANCES OUTSTANDING, AND FUND EQUITY</u>				
Liabilities:				
Accounts payable	\$ 12,693	\$ --	\$ --	\$ 12,693
Encumbrances Outstanding	<u>12,661</u>	<u>--</u>	<u>--</u>	<u>12,661</u>
Fund Equity:				
Investment in general fixed assets	--	--	20,762	20,762
Operating clearing (Note 4)	(24,201)	--	--	(24,201)
Fund balance	<u>--</u>	<u>22,843</u>	<u>--</u>	<u>22,843</u>
Total Fund Equity	<u>(24,201)</u>	<u>22,843</u>	<u>20,762</u>	<u>19,404</u>
Total Liabilities, Encumbrances Outstanding, and Fund Equity	<u>\$ 1,153</u>	<u>\$22,843</u>	<u>\$20,762</u>	<u>\$ 44,758</u>

The notes to the financial statements are an integral part of this statement.



CALIFORNIA ADVISORY COUNCIL  
ON VOCATIONAL EDUCATION

COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE AND OPERATING CLEARING  
GENERAL FUND AND EXPENDABLE TRUST FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	Governmental Fund Type	Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only) June 30, 1979
Revenues and Other Financing Sources:			
Revenues	\$ 602	\$ --	\$ 602
Support appropriations	39,218	--	39,218
Intergovernmental revenues	167,642	150,689	318,331
Miscellaneous adjustments (Note 3)	<u>161</u>	<u>--</u>	<u>161</u>
Total Revenues and Other Financing Sources	<u>207,623</u>	<u>150,689</u>	<u>358,312</u>
Expenditures:			
Personal services	140,604	--	140,604
Operating expenses and equipment	106,745	--	106,745
Expenditures of federal receipts	<u>--</u>	<u>167,172</u>	<u>167,172</u>
Total Expenditures	<u>247,349</u>	<u>167,172</u>	<u>414,521</u>
Excess of Sources over (under) Expenditures	(39,726)	(16,483)	(56,209)
Other Uses:			
Intrafund transfers (Note 4)	<u>602</u>	<u>--</u>	<u>602</u>
Excess of Sources over (under) Expenditures and Other Uses	(40,328)	(16,483)	(56,811)
Fund Balance - July 1	--	39,326	39,326
Operating Clearing - July 1	<u>16,127</u>	<u>--</u>	<u>16,127</u>
Fund Balance - June 30	--	22,843	22,843
Operating Clearing - June 30	<u><u>\$(24,201)</u></u>	<u><u>\$ --</u></u>	<u><u>\$(24,201)</u></u>

The notes to the financial statements are an integral part of this statement.

CALIFORNIA ADVISORY COUNCIL  
ON VOCATIONAL EDUCATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN OPERATING CLEARING - BUDGET AND ACTUAL  
GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 1979

	<u>Budget as Adjusted</u>	<u>Actual</u>	<u>Variance</u>
Revenues and Other			
Financing Sources: (Note 2)			
Revenues	\$ --	\$ 602	\$ 602
Support appropriations	252,631	39,218	(213,413)
Intergovernmental revenues	167,642	167,642	--
Miscellaneous adjustments (Note 3)	<u>--</u>	<u>161</u>	<u>161</u>
Total Revenues and Other Financing Sources	<u>420,273</u>	<u>207,623</u>	<u>(212,650)</u>
Expenditures: (Note 2)			
Personal services	143,639	140,604	3,035
Operating expenses and equipment	<u>108,992</u>	<u>106,745</u>	<u>2,247</u>
Total Expenditures	<u>252,631</u>	<u>247,349</u>	<u>5,282</u>
Excess of Sources over (under) Expenditures	<u>\$167,642</u>	(39,726)	<u>\$(207,368)</u>
Other Uses:			
Intrafund transfers (Note 4)		<u>602</u>	
Excess of Sources over (under) Expenditures and Other Uses		(40,328)	
Operating Clearing - July 1		<u>16,127</u>	
Operating Clearing - June 30		<u>\$(24,201)</u>	

The notes to the financial statements are an integral part of this statement.

CALIFORNIA ADVISORY COUNCIL  
ON VOCATIONAL EDUCATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1979

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements reflect the financial position and results of operations of the California Advisory Council on Vocational Education. The statements have been prepared in conformity with generally accepted accounting principles applicable to state and local governments as prescribed by the American Institute of Certified Public Accountants and by the National Council on Governmental Accounting.

The accompanying financial statements are structured into a Governmental Fund Type, a Fiduciary Fund Type, and an Account Group. The California Advisory Council on Vocational Education accounts for only its portion of the Governmental Fund Type. The State Controller maintains the central accounts for all state funds and annually publishes fund statements.

GOVERNMENTAL FUND TYPES

Governmental Fund Types are those through which most governmental functions are financed. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities--except those accounted for in Proprietary Funds--are accounted for through governmental funds. The General Fund is the Governmental Fund Type in the California Advisory Council on Vocational Education.

The General Fund is maintained on the modified accrual basis of accounting. These are some of its more significant elements:

Income

Throughout the fiscal year all income, except for certain reimbursements which are recorded when billed, is accounted for on a cash basis. At June 30, the accounts are adjusted to accrue all earned but uncollected income.

### Expenditures

Expenditures are accounted for at the time claims for payment are filed with the State Controller. At June 30, all valid expenditure commitments are accrued as expenditures including encumbrances outstanding against budget appropriations for which no goods or services have been received.

### Liabilities

Retirement Plan - Regular employees of the council are members of the Public Employees' Retirement System (PERS) which is a defined benefit, contributory retirement plan. The amount the council and employees contribute to PERS is actuarially determined under a program in which contributions plus retirement system earnings provide the necessary funds to pay retirement costs as accrued. Retirement contributions for the year totaled \$16,308.

Vacation and Sick Leave - Costs of vacation and sick leave are charged when these benefits are used rather than when they are earned.

### FIDUCIARY FUND TYPE

The Fiduciary Fund Type is used to account for assets held by a governmental unit as a trustee. The Fiduciary Fund Type for the California Advisory Council on Vocational Education is an expendable trust fund and is used to account for receipts and expenditures of federal funds.

### ACCOUNT GROUP

The Account Group is used to account for general fixed assets. Assets purchased are recorded as expenditures in the appropriate fund in the year of acquisition or encumbrance. General fixed assets increased by a net of \$14,934 during the fiscal year.

2. BUDGETED REVENUES AND EXPENDITURES

The amounts shown under "Budget as Adjusted" for revenues and expenditures reflect the Governor's Budget after allowing for adjustments by the Budget Act, interim statutory changes affecting appropriations, and authorized executive budget revisions issued during the year.

3. MISCELLANEOUS ADJUSTMENTS

This account shows the difference between the net amount of revenues, expenditures, and reimbursements accrued as of the previous June 30 and the actual amount of revenues, expenditures, and reimbursements related to the prior year but obtained during the current fiscal year.

4. OPERATING CLEARING AND INTRAFUND TRANSFERS

This account is the connecting link between the records of the various state agencies and the central fund accounts maintained by the State Controller for the General Fund and other funds not accounted for entirely by one agency. The balance at June 30 represents the net assets and liabilities for which the California Advisory Council on Vocational Education is accountable.

Intrafund transfers are cash receipts which the council remitted to the State Treasury during the year. These receipts represent revenues.

### OTHER INFORMATION

As an integral part of our examination, we reviewed the accounting procedures and related system of internal control at the council and at the Department of General Services (which maintains the council's accounting records) to the extent we considered necessary to properly form an opinion concerning the fairness with which the council's financial statements present its financial position and results of operations in accordance with generally accepted accounting principles consistently applied.

Our review enabled us to suggest improvements which would result in better operating procedures and controls. A management letter describing the suggested operating improvements was issued to the council in conjunction with certain recommended adjusting entries necessary to achieve compliance with generally accepted accounting principles.

The council generally concurs with the suggested operating improvements and adjusting entries.

cc: Members of the Legislature  
Office of the Governor  
Office of the Lieutenant Governor  
Secretary of State  
State Controller  
State Treasurer  
Legislative Analyst  
Director of Finance  
Assembly Office of Research  
Senate Office of Research  
Assembly Majority/Minority Consultants  
Senate Majority/Minority Consultants  
California State Department Heads  
Capitol Press Corps